



CITY OF PORTLAND ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Nick Fish, Commissioner ■ Dean Marriott, Director

Date September 30, 2013

TO: Andrew Scott, Director
City Budget Office

FROM: Dean Marriott, Director

SUBJECT: FY 2013-14 Fall Budget Monitoring Report

Attached is the Bureau of Environmental Services Budget Monitoring Report for Fall FY 2013-14. Requested changes to the operating budget are relatively minor, and include mainly recognition of additional revenues and program realignments.

Changes to the Bureau's operating programs include two vehicle purchases, a contribution to the COPPEA Professional Development Fund, acquisition of planning tools in support of the Stormwater System Plan, continuation of private stormwater retrofits in Southwest Portland, and minor program realignments to preserve environmental education programs.

We are also recognizing additional revenues from Water Bureau CIP projects for environmental site assessment services and materials testing special services provided by Bureau staff.

Position-related changes include a two-year limited term Senior Engineer Associate-Electrical funded by CIP resources, which is required by new systems coming on line, and increasing an Assistant Business Systems Analyst position for Asset Management from 0.8 to 1.0 FTE, funded by resources within our Wastewater Services Group.

Other adjustments include recognition of nearly \$2 million in extra System Development Charges (SDCs), which will be transferred to make debt service payments, replacing the use of rate cash to make those same debt payments.

The Bureau will also be making some adjustments on interagencies from other bureaus as PERS budget savings are passed through to BES, including a reduction in the PBOT Collection System Maintenance interagency, and a modest pass-through of PERS savings from the Bureau of Internal Services.

The Water Bureau and PBOT 'true-up' One-Percent for Green cash transfers is implemented in each Fall BMP. Both bureaus put in a placeholder in the annual budget, then 'true-up' the amount when actual CIP project expenses that are subject to One-Percent for Green are available. Both true-ups involve minor reductions to budgeted transfers.

Memo to Andrew Scott

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A transfer to the Bureau of Technology Services will be necessary to pay for the replacement of radios (part of a City-wide replacement) through the Public Safety Systems Revitalization Program Radio Project. This was an unexpected request.

Finally, we will be recognizing additional grant funds for several projects, including Crystal Springs (US Fish and Wildlife Service), and pass-through grants to METRO (the Innovative Wet Weather Grant) and for Brownfields remediation (EPA).

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BMP

FISCAL YEAR FY 2013-14

ES_001 - BES Fall BMP Grants

The following adjustments to Grants totaling \$379,205 are required by project managers. The CIP grant adjustments total \$50,000 and the Operating grant adjustments total \$329,205.

\$100,000 EPA Innovative Wet Weather Program (ES000000)

This grant relies on partners willing to construct unique stormwater features on their properties. Metro will receive a sub-award under this grant for constructing a "Green Wall" at the Expo Center.

<\$2,370> EMSWCD: Mt Tabor (ES000033)

Grant funds for the Mt Tabor Revegetation Project in support of volunteer efforts made by the Friends of Mount Tabor Park were fully expended at the end of FY 2012-2013. This budget adjustment reflects a zero grant balance.

\$19,575 EPA Brownfields: Petroleum & Hazardous Waste Assessments (ES000036)

This grant relies on partners willing to perform Brownfield environmental assessment activities on their properties. New partners necessitate additional resources for professional services to perform the assessments.

\$212,000 EPA Brownfields Revolving Loan Fund Cleanup (ES000037)

This grant provides funds to establish a Portland Brownfields Revolving Loan Fund (PBRLF). The expenditure of these grant funds relies on partners willing to perform Brownfield cleanup activities on their properties. Funds are being added for Dharma Rain Zen Center and Emerson Clean-ups, two new sub-awards.

\$50,000 USFWS (ES000040)

This grant provides funds to design the Glenwood and Bybee fish barrier culvert replacements in Crystal Springs Creek.

Dollar Amount: \$379,205
Type: New Request
Resources: Grants

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BMP

FISCAL YEAR FY 2013-14

ES_002 - Operating Program Adjustments

Director's Office (Administration- Communications)

\$30,000 to fill an environmental education position with two part time Community Service Aides. Resources come from within other bureau programs: Portland Harbor, \$5,000; Watershed \$5,000, Engineering \$5,000; Communications \$15,000.

Business Services (Administration-Employee Development)

\$36,687 contribution through a Management and Finance interagency for COPPEA Professional Development Fund. Resources are from Contingency.

Engineering Services

\$35,000 in carryover funding for Technology Services for Stormwater Management Plan sizing (PAC) planning tool. Resources are from Contingency.

\$125,000 in carryover funding for continuation of contractor services for Rain Derived Inflow and Infiltration (RDII) – private stormwater retrofits in Southwest Portland. Resources are from Contingency.

Wastewater Services

\$14,571 to add .20 Assistant Business Systems Analyst (Asset Mgmt at CBWTP), increasing a .80 Permanent Part Time position to Full Time. Funded by resources within Wastewater Services.

\$25,000 increase to overtime to correct a BRASS budgeting entry error. Resources are from Contingency.

<\$132,876> reduction in the \$20.4 million Collection System maintenance interagency with PBOT-MO to reflect pass-thru savings from reductions in PERS and COLA rates. Offsetting those reductions are increased Health Benefit costs. \$132,876 will be returned to Contingency.

\$30,000 to purchase a forklift for CBWTP that recently failed. The forklift was scheduled for replacement by Fleet in FY 12, the replacement was extended to FY 16 anticipating the equipment would last longer. Resources are from Contingency.

Pollution Prevention

\$67,654 carryover funding to vehicle purchase. The bureau started the process of designing the vehicle in the summer of 2012, originally submitted the request sometime in late fall of 2012, worked with Fleet to finalize the specifications through late March 2013. The vehicle was ordered May, and is expected to be delivered in October 2013 and outfitted and delivered to Field Operations in December 2013. Resources are from Contingency.

Bureau-wide Adjustments

In this Fall BMP, OMF internal service funds will pass through interagency reductions as a result of final PERS rates that will be incurred. These rates are lower than were assumed in the Adopted Budget. The adjustments total <\$22,802> and will be returned to Contingency.

Dollar Amount: \$5,000

Type: New Request

Resources: Bureau Contingency

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BMP

FISCAL YEAR FY 2013-14

ES_003 - New Revenues

In all cases with the revenue interagencies, if BES personnel costs were included, those amounts were returned to Contingency, as BES personnel are already budgeted.

\$350,000 in additional Coordinated Site Assessment services for the Water Bureau's Interstate (\$200,000) and Distribution/Mains (\$150,000) projects. Resources are for additional professional services, waste disposal expenses and BES staff services.

\$400,000 for additional special inspection services for Water Bureau's Kelly Butte projects from Materials Test Lab. Resources are for additional contract personnel and BES staff services.

Dollar Amount: \$750,000

Type: New Request

Resources: New Revenues

ES_004 - CIP

\$65,736 to add 1.0 Senior Engineer Associate-Electrical. Funded 100% within the CIP by reduction of capital outlay. This is a Two-Year Limited Term position to provide resources for a backlog of instrumentation and control implementation and improvements tasks on CIP projects. This position would also provide staffing support on instrumentation and control projects at the Columbia Blvd. Wastewater Treatment Plant.

Dollar Amount: \$0

Type: New Request

Resources: Internal Transfer

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BMP

FISCAL YEAR FY 2013-14

ES_005 - Fund Transfers

Sewer Operating Fund -

Water Bureau and PBOT 'true-up' One-Percent for Green cash transfers is implemented in each Fall BMP. Both bureaus put in a placeholder in the annual budget, then 'true-up' the amount when actual CIP project expenses that are subject to One-Percent for Green are available.

A reduction of <\$18,216> in transfers from the Water Bureau reflecting One-Percent for Green contributions. This is a 12% reduction from the Adopted Budget of \$150,000.

A reduction of <\$17,197> in transfers from PBOT reflecting One-Percent for Green contributions. This is a 34% reduction from the Adopted Budget of \$50,000 and is due to PBOT's budget constraints, as they did not do as much street paving last year as in prior years.

A \$221,000 cash transfer to the Public Safety Systems Revitalization Program (PSSRP) Radio Project has reached the point where they are now finalizing details for the purchase of all new radios for the City. These radios will replace the older out-dated units that will no longer be operational on the upgraded radio system. Since BES is an enterprise fund, the bureau did not pay into a Bureau of Technology Services replacement fund for future replacement of radio equipment. Resources will be from Contingency. This was an unexpected request.

A \$1,261 cash transfer from the Bureau of Technology Services reflecting the IBM Frame (AIX Project) Replacement project completion and under budget. BTS is returning excess funding to bureaus who participated.

Sewer Operating Fund, SDC Sewer System Operating Subfund and Debt Redemption Fund -

Sewer Operating Fund, System Development Charges (SDCs) and Debt Service

This adjustment recognizes \$1,976,054 of additional commercial SDC revenue in the SDC Sewer System Operating Subfund of 600001 and appropriates it to fund debt service payments within the Debt Redemption Fund (609000), as proscribed under ORS 227.307. Conversely, the transfer from the Sewer Operating Fund (600000) is reduced by \$1,976,054 to reflect the reduction of rate cash to fund the debt service payments.

Dollar Amount: \$1,941,902

Type: New Request

Resources: New Revenues

Capital Program Status Report

Environmental Services

CIP Program	FY 2012-13 Adopted Budget	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Variance \$	Variance %	FY 2013-14 Adopted Budget	Fall BMP Revised Budget	FY 2013-14 Year to Date Actuals	Variance \$	Variance %
	\$0	\$0	\$41,910	\$41,910		\$0	\$0	\$0	\$0	
Combined Sewer Overflow	\$3,404,000	\$4,404,000	\$5,198,184	\$794,184	18%	\$3,660,000	\$3,660,000	\$323,283	\$0	0%
Facilities	\$0	\$0	(\$45,750)	(\$45,750)		\$0	\$0	\$183	\$0	
Maintenance and Reliability	\$36,789,000	\$48,199,000	\$36,568,890	(\$11,630,110)	(24%)	\$72,223,000	\$72,223,000	\$5,287,448	\$0	0%
Sewage Treatment Systems	\$35,009,000	\$35,009,000	\$33,938,672	(\$1,070,328)	(3%)	\$17,766,000	\$17,766,000	\$3,766,265	\$0	0%
Support	\$0	\$0	\$98,780	\$98,780		\$0	\$0	\$176,260	\$0	
Surface Water Management	\$16,327,000	\$17,588,967	\$13,945,772	(\$3,643,195)	(21%)	\$17,004,000	\$17,054,000	\$1,513,010	\$50,000	0%
Systems Development	\$3,898,000	\$4,798,000	\$3,376,314	(\$1,421,686)	(30%)	\$8,359,570	\$8,359,570	\$358,022	\$0	0%
Total	\$95,427,000	\$109,998,967	\$93,122,771	(\$16,876,196)	(15%)	\$119,012,570	\$119,062,570	\$11,424,470	\$50,000	0%

* Prior Year variances compare Year-End Actuals to Revised Budget

** Current Year variances compare Revised Budget to Adopted Budget

Prior Year Variance Description

Combined Sewer Overflow

E09075 Portsmouth Force Main Segment 1 - unbudgeted construction claim settlement (+\$775,000)

Maintenance & Reliability

E06869 - Taggart D Implementation (Tabor to the River): delays associated with E08665 Division St (PBOT) project and related delay of E08662

Clinton-Caruthers (detour route for Division St) (\$5 million)

E08400 - Sewer Structural Rehab - 2 projects in construction billing slightly slower than anticipated (\$2 million)

E10031 - Phase 2 Pipe Rehab - projects moving into construction slightly slower than anticipated (\$4 million)

Surface Water Management

E05564 - Slough Infrastructure - 33rd Culvert - construction start later than anticipated (\$1.5 million)

E08809 - UIC Improvements - changes to program requirements from DEQ resulted in overall program delay (\$1 million)

E10498 - Portland Harbor NRDA - negotiations not resolved. Line item removed from future BES CIP (\$1 million)

Systems Development

E06790 - S. Airport 4 Pump Station - construction start slower than anticipated (\$1.5 million)

Current Year Variance Description

Prior Year Business Area Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
Bureau of Environmental Services			
EXPENDITURES			
Personnel Services	\$478,487	\$391,779	82%
External Materials and Services	\$954,974	\$860,949	90%
Internal Materials and Services	\$142,828	\$115,737	81%
Capital Outlay	\$532,269	\$534,611	100%
TOTAL EXPENDITURES	\$2,108,558	\$1,903,075	90%
REVENUES			
Intergovernmental Revenues	\$2,108,558	\$1,909,994	91%
Miscellaneous	\$0	(\$0)	0%
TOTAL REVENUES	\$2,108,558	\$1,909,994	91%

Bureau Reconciliation Narrative

Personal service expenses were lower than expected on the Crystal Spring RR Culvert Replacement Project (E10481). East Multnomah Soil and Water Conservation District (EMSWCD) grant funds originally budgeted for personal services were re-programmed to external services.

Internal service expenses are less than the amount budgeted due primarily to the design delay of Crystal Springs Glenwood/Bybee Culvert Replacements (E10480). These funds have been appropriated for FY 13/14.

Prior Year Fund Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
600 - Sewer System Operating Fund			
EXPENDITURES			
Unappropriated Fund Balance	200,000	0	0.00
Personnel Services	57,863,809	57,386,699	99.18
External Materials and Services	62,122,034	61,467,085	98.95
Internal Materials and Services	42,664,323	42,303,984	99.16
Capital Outlay	67,635,008	48,348,795	71.48
Bond Expenses	2,707,082	2,249,719	83.10
Fund Transfers - Expense	169,943,282	156,353,152	92.00
Contingency	57,809,158	0	0.00
TOTAL EXPENDITURES	460,944,696	368,109,435	79.86
REVENUES			
Budgeted Beginning Fund Balance	52,200,000	0	0.00
Licenses & Permits	1,155,000	1,405,704	121.71
Charges for Services	272,695,319	274,309,256	100.59
Intergovernmental Revenues	837,500	758,091	90.52
Interagency Revenue	3,199,747	3,390,534	105.96
Fund Transfers - Revenue	130,207,130	95,905,072	73.66
Miscellaneous	650,000	1,324,497	203.77
TOTAL REVENUES	460,944,696	377,093,153	81.81

Fund Reconciliation Narrative

Expenses were on plan, with the exception of Capital Outlay which was 29% under plan due to delays in CIP projects. A discussion of which projects and amounts can be found in the CIP Program Status Report within this Fall BMP submission.

Bond expenses, a category that includes internal loan remittance accounts, were 17% under plan due to a \$365,000 interfund loan to the Grants Fund for cash flow purposes that hasn't yet happened in the CAFR process.

Licenses and Permits Revenues were 122% of budget, showing signs of an improving economy through greater permit activity.

Fund Transfer Revenues were 26% under the Revised Budget because of reduced reimbursement from the Construction Fund resulting from lower CIP expenditures, but also from lower transfers from the Rate Stabilization Fund (RSF), 48% of revised budget.

Finally, Miscellaneous Revenues were 204% of Revised Budget, because of \$325,000 received from the sale of bureau equipment, for which there was no budget. (Due to the unpredictability of the timing and sale prices of the auction process, BES does not routinely budget for sale of equipment.) Sales of two Portland Loos (the bureau budgeted for one sale) resulting in \$100,000 over plan and Interest Payments (Liens) and Interest Earnings were \$237,000 over budget amounts.

Prior Year Fund Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
608 - Environmental Remediation Fund			
EXPENDITURES			
Personnel Services	434,250	344,242	79.27
External Materials and Services	2,867,609	1,924,234	67.10
Internal Materials and Services	888,461	811,436	91.33
Bond Expenses	1,006	978	97.21
Fund Transfers - Expense	1,824,968	1,824,905	100.00
Contingency	3,114,030	0	0.00
TOTAL EXPENDITURES	9,130,324	4,905,794	53.73
REVENUES			
Budgeted Beginning Fund Balance	4,107,500	0	0.00
Charges for Services	4,304,622	3,648,843	84.77
Interagency Revenue	388,500	410,006	105.54
Fund Transfers - Revenue	702	702	100.00
Bond and Note	295,000	295,000	100.00
Miscellaneous	34,000	28,652	84.27
TOTAL REVENUES	9,130,324	4,383,203	48.01

Fund Reconciliation Narrative

Personnel Services were 21% under plan due a vacancy within the Portland Harbor Program.

External Materials and Services were 67% of the Revised Budget, primarily due to a \$695,000 reversal of a FY 2011-12 accrual for estimated liabilities related to future costs of the Portland Harbor Remedial Investigation and Feasibility Study (RI/FS). As this program moves into the close-out phase, these accruals are decreasing as future costs decrease.

Charges for Services were 85% of the Revised Budget, due to reduced economic conditions and a budget that was set at a higher level prior to rate development.

Miscellaneous Revenues was 16% under budget (-\$5,348) due to lower interest earnings within the fund.

Prior Year Fund Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
609 - Sewer System Debt Redemption Fund			
EXPENDITURES			
Unappropriated Fund Balance	31,876,866	0	0.00
Bond Expenses	148,473,134	148,451,237	99.99
TOTAL EXPENDITURES	180,350,000	148,451,237	82.31
REVENUES			
Budgeted Beginning Fund Balance	30,850,000	0	0.00
Fund Transfers - Revenue	149,350,000	148,259,870	99.27
Miscellaneous	150,000	148,633	99.09
TOTAL REVENUES	180,350,000	148,408,503	82.29

Fund Reconciliation Narrative

All Expenses and Revenues are forecasted to be on plan, after the changes incorporated in the Spring BMP. Bond and Note Proceeds reflect the delay of a planned bond sale, moving to September 2013. This delay reduces the forecast for interest income and reserves that would have flowed to Unappropriated Ending Fund Balance.

Prior Year Fund Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
614 - Sewer System Construction Fund			
EXPENDITURES			
Bond Expenses	170,000	111,272	65.45
Fund Transfers - Expense	117,000,000	88,998,005	76.07
Contingency	4,221,749	0	0.00
TOTAL EXPENDITURES	121,391,749	89,109,278	73.41
REVENUES			
Budgeted Beginning Fund Balance	12,500,000	0	0.00
Charges for Services	550,000	808,086	146.92
Fund Transfers - Revenue	12,841,749	341,749	2.66
Bond and Note	95,000,000	78,617,308	82.76
Miscellaneous	500,000	638,035	127.61
TOTAL REVENUES	121,391,749	80,405,178	66.24

Fund Reconciliation Narrative

Bond Expenses were 65% of Revised Budget due to the delay of a planned bond sale to September 2013.

Fund Transfers - Expense were 24% below budget due to lower projected CIP expenditures requiring reimbursement.

Charges for Services Revenues were 47% above budget due to stronger Line and Branch revenues due in part to the recent completion of the Lents Sewer Extension project.

Fund Transfers - Revenues were 3% of the budget, based on reduced funds within the Sewer Operating Fund from reduced rate revenues.

Bond and Note Proceeds, having been adjusted for the delay in the bond sale into early September 2013, still reflect receipt of 83% of the remaining budget from a \$95 million line of credit taken out in October 2012.

Miscellaneous Revenues are forecasted to be 128% of budget due to the unexpected receipt of a refund on insurance premiums paid in prior years for the Bureau's Owner Controlled Insurance Program on the bureau's CIP projects. Partially offsetting this unforeseen good news was reduced interest earnings resulting from the delay of the planned bond sale resulting in lower cash balances and thus lower interest earnings.

Prior Year Fund Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
617 - Sewer System Rate Stabilization Fund			
EXPENDITURES			
Fund Transfers - Expense	12,000,000	5,700,000	47.50
Contingency	350,000	0	0.00
TOTAL EXPENDITURES	12,350,000	5,700,000	46.15
REVENUES			
Budgeted Beginning Fund Balance	12,300,000	0	0.00
Miscellaneous	50,000	57,615	115.23
TOTAL REVENUES	12,350,000	57,615	0.47

Fund Reconciliation Narrative

Fund Transfers - Expense was 48% of the Revised Budget, which was adjusted for transfers at maximum amount available in the Fund, in case it was needed to meet year-end bond coverage calculation. But better than expected operating results meant less contribution from the Rate Stabilization Fund was required to meet debt service coverage ratio.

The purpose of the Rate Stabilization Fund is to smooth rate increases over many years by building fund balances in prior years, and drawing upon those balance at times of increased expenditures, usually resulting from increased debt service. As part of the Combined Sewer Overflow program, it was anticipated that the large increases in debt required to complete the Eastside Big Pipe project would be mitigated in rates by building balances in the fiscal years 2003 through 2008, to be drawn down in the fiscal years 2009 through 2013. This resulted in smoother single-digit annual rate increases than the double-digit rate increases that would have been the situation without the Rate Stabilization Fund.

Miscellaneous Revenues are projected to be 15% over plan because of anticipated higher interest earnings from cash but retained in the fund.

FY 2012-13 Adopted Budget Notes Update (FY 2013-14 Fall BMP)

Public Utilities

Portland Loos

The Portland Water Bureau will transfer all Portland Loos' assets and maintenance responsibilities to BES effective July 1, 2012. The maintenance responsibilities on seven facilities is estimated at \$105,000 to maintain and \$14,000 for annual repairs. Bureau budget reductions to absorb this additional cost were funding decreases for interns and services from central facilities regarding security and project management.

Update: The Portland Loo Program continues to be managed by the Bureau of Environmental Services (BES); however, as defined in the second budget note on the subject (FY13-14), the Portland Water Bureau has retained the asset assignment leaving BES with only maintenance and sales responsibilities. The exception to this is the Fields Park Loo which was purchased, installed and is maintained by Portland Parks and Recreation. Maintenance costs for the six units under BES management for FY 2012-13 were just under \$100,000 as anticipated in the previous update.

Since the last update, the Ketchikan Gateway Borough unit has been delivered and installed; additionally we have sold and delivered a unit to Nanaimo, BC, Canada and are in current contract discussions with the cities of San Diego, CA (two units) and Esquimalt, BC, Canada (one unit).

Utility Liabilities

The Council directs that \$200,000 of General Fund revenue shall be set aside to be used for payment of potential Bureau of Environmental Services and Portland Water Bureau legal liabilities currently in dispute and for the funding of measures to address remediation of Willamette Harbor contamination. The Office of Management and Finance is directed to provide Council with a financial plan for use of these funds for these purposes.

Update: Resolution 36976 was passed November 7, 2012 authorizing interfund loans to provide resources for the above effort. BES is unaware of any financial plan report developed that would address the subsequent use of the funds.

FY 2012-13 Adopted Budget Decision Package Update (FY 2013-14 Fall BMP)

Reductions

The FY 2012-13 Adopted Budget, including the following decision package, will require a 5.4% average rate increase.

Reductions for 5.4% Rate Increase

This package comprises identified reductions that represent removal of one-time expenditures from the current budget, savings from past projects and completed programs or program expenditures, savings on new contracts, or other reductions that pose acceptable risks to service delivery.

The budget in Healthy Working Rivers was reduced by \$35,000 for outside consultant assistance and eliminate a vacant Office Support Specialist III position for \$75,564.

Update: The position was eliminated. HWR absorbed the reduction by leveraging within other BES programs.

Eliminate a Principal Financial Analyst (\$139,932) due to retirement within the Environmental Policy program.

Update: The position was eliminated and work load distributed to other staff.

Eliminate agreement with the Tribal Institute at Portland State University (\$35,000) within the Portland Harbor Program.

Update: The agreement was eliminated because the service provided, outreach to the Tribal governments working on Portland Harbor, was no longer needed. There has been no fall out or consequences with the agreement termination. We continue to use staff to work with the Tribes directly as needed.

Within the Finance Program, eliminate one-year consultant funding (\$21,000) for rate approval process, remove (\$35,615) contribution for the COPPEA Professional Development Fund for one year, eliminate consultant support (\$23,315) for auditing bureau contracts, and hold vacant an Accountant I position (\$59,430) for one year.

Update: As the consultant contracts were one-time, there was no effect on services delivery. The Account I position remains unfunded and vacant.

Within the Asset Management Program, eliminate funding for legal expenses (\$35,000) that were associated with the possibility of an EPA consent order. Within Watershed Revegetation Program reduce support for private property stormwater retrofits (\$75,500).

Update: Both expenditures not required as programs completed those portions that required those resources.

Within the Construction Services Program eliminate a vacant Chief Engineer (\$138,342) position and within all Engineering Services programs eliminate 25% of training and travel (\$37,500) for 180 employees within Engineering Services.

Update: The position was eliminated and Engineering Services is adjusting to the lower levels of training and travel resources.

Additionally, the program is eliminating a Senior Administrative Specialist (\$51,540) at mid-year, a position that is on loan for community outreach purposes related to the FOG program.

Update: This position was eliminated December 31, 2012. The FOG program has used internal program resources to continue any additional outreach required.

Within Pollution Prevention Services, reduce maintenance of grounds at the Water Pollution Control Lab (WPCL) and changes in scheduled services from Parks (\$27,398), reduce office support, travel and outside laboratory services (\$100,150), reduce maintenance inspection program for privately owned stormwater facilities (\$10,000), eliminate agreement with DEQ for Underground Injection Control permits as this is being done in-house (\$19,000) and hold vacant an Environmental Program Manager within the Environmental Compliance Program for one year (\$115,356).

Update: Reduce maintenance of grounds at WPCL and changes in scheduled services from Parks (\$27,398) has resulted in reduced grounds maintenance, sightline issues in parking lot and vector issues at WPCL (rats outside).

Reduce office support, travel and outside laboratory services (\$100,150)

Update: There has been limited impact in reducing office supplies and travel. With regard to the outside laboratory contract reduction of \$83,200, there has been no impact however there could be potential exposure in the event of an emergency condition.

Reduce maintenance inspection program for privately owned stormwater facilities (\$10,000):

Update: Minor impacts, however it did decrease our ability to sample and monitor to determine Best Management Practices (BMP) effectiveness.

Eliminate agreement with DEQ for Underground Injection Control permits as this is being done in-house (\$19,000):

Update: No significant program impacts. This agreement had been cyclical in nature.

Hold vacant an Environmental Program Manager within the Environmental Compliance Program for one year (\$115,356):

Update: Position remains vacant throughout FY 2012-13. The position is a proposed cut in the FY 2013-14 Requested Budget. Loss of this position has had a significant impact in terms of additional workloads on Division Manager and plan review team lead and staff. Current staff have no direct management on site.

Within Watershed Services, reduce outside support to continue the implementation of the Portland Watershed Management Plan (\$65,000), eliminate an interagency agreement with Parks as the cost was added to BES budget as a result of past Parks budget cuts - the IGA with Multnomah County for dog rule enforcement (\$69,000). Additionally, the Grey to Green program is deferring funding for ecoroof grant program to reflect lower than forecast expenditures due to current economic conditions (\$637,512).

Update:

The Parks and Recreation pass-through for dog rules was not a program BES initiated or managed, so we have no information about the effects of that cut.

Ecoroof incentives paid in FY 12-13 totaled \$547,397. There is \$658,490 in outstanding contracts remaining in place for approved ecoroofs under construction at year end. (Two years is permitted for construction on most contracts.) The total expended or projected payments remain well under the total amount of approved funding from prior years.

Within Wastewater Services, reduces overtime (\$50,000) within the Treatment program by budgeting for historical trends, reduce operating budget funding for emergency repairs (\$250,000) as they are more appropriately recorded within the CIP, eliminate funding for a forklift (\$20,938), and hold vacant an Electrician/Instrument Technician (\$93,972) for one year, and there is a reduction in security services (\$62,500) as the new Support Facility, operational January 2013, will have security card access, thus eliminating the need for onsite security guards. There are no reductions within the Collections System Program.

Overtime: <\$50,000>

Reduce overtime funding within the Treatment program.

Update: Spending was within budget for overtime. Operations overtime is influenced by wet weather because during storm events minimum staffing levels on off shifts have to be increased to accomplish wet weather treatment requirements per permit. We had less than predicted wet weather events which decreased the need for such overtime. In addition we managed increased risk by lowering the number of after hour emergency responses also resulting in less callbacks to work/overtime.

Repair and Maintenance Services: <\$250,000>

Reduce funding for emergency repairs.

Update: Spending was within budget since repairs are significant enough to be covered by capital funding as suspected when the reduction was taken.

Forklift: <\$20,938>

Eliminate funding for forklift replacement.

Update: Replacement of forklift was deferred.

Electrician/Instrument Technician: <\$93,972>

Hold vacant an Electrician/Instrument Technician for one year.

Update: Filling of position was deferred.

Security Services: <\$62,500>

Reduce funding in security services as the new Support Facility, operational January 2013, will have security card access, thus eliminating the need for onsite security guards.

Update: Termination of security guard services was delayed since the Support Facility and implementation of security card access was scheduled to be completed June 2013. Expenditures were covered by capital funding since security was necessary to mitigate construction/operational risks and facilitate construction logistics for the numerous CIP projects occurring on the plant site.

Adds**Portland Loos**

The Portland Water Bureau will transfer all Portland Loos' assets and maintenance responsibilities to BES effective July 1, 2012. The maintenance responsibilities on seven facilities is estimated at \$105,000 to maintain and \$14,000 for annual repairs. Bureau budget reductions to absorb this additional cost were funding decreases for interns and services from central facilities regarding security and project management.

Update: The Portland Loo Program continues to be managed by the Bureau of Environmental Services (BES); however, as defined in the second budget note on the subject (FY13-14), the Portland Water Bureau has retained the asset assignment leaving BES with only maintenance and sales responsibilities. The exception to this is the Fields Park Loo which was purchased, installed and is maintained by Portland Parks and Recreation. Maintenance costs for the six units under BES management for FY 2012-13 were just under \$100,000 as anticipated in the previous update.

Since the last update, the Ketchikan Gateway Borough unit has been delivered and installed; additionally we have sold and delivered a unit to Nanaimo, BC, Canada and are in current contract discussions with the cities of San Diego, CA (two units) and Esquimalt, BC, Canada (one unit).

Bureau of Environmental Services

Performance Measures

Performance Measure	Type	FY 2012-13 Adopted Budget	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals		
ES_0001 - Maintain the bureau's first lien debt service coverage ratio at 1.5 or greater	EFFECTIVE	1.95	1.95	1.95	0.00	0.00
ES_0002 - Time loss hours (due to injuries)	EFFICIENCY	4.00	4.00	2.96	0.00	0.00
ES_0005 - Construction management costs as a percentage of total construction costs	EFFICIENCY	12%	12%	12%	0%	0%
ES_0006 - No. of students provided with bureau education programs	WORKLOAD	12,500	12,500	14,793	0	0
ES_0007 - Feet of streambank restored (cumulative)	WORKLOAD	0	426,391	455,978	0	0
ES_0008 - Number of individual participants in projects catalyzed or hosted by the Stewardship Program	WORKLOAD	9,500	9,500	10,634	0	0
ES_0010 - No. of lab analyses performed each year	WORKLOAD	46,000	46,000	53,300	0	0
ES_0011 - Percent of industrial enforcement tests in full compliance	EFFECTIVE	99.0%	99.0%	99.5%	0.0%	0.0%
ES_0012 - Average resources spent in site investigations and cleanup, per site investigated or remediated	EFFICIENCY	\$13,000	\$13,000	\$11,212	\$0	\$0
ES_0013 - Wastewater processed in million gallons per day	WORKLOAD	30,400	30,400	28,569	0	0
ES_0014 - Percent of biochemical oxygen demand (BOD) removed	EFFECTIVE	85.0%	85.0%	97.0%	0.0%	0.0%
ES_0021 - Maintain bureau's combined 1st & 2nd lien debt service coverage ratio at 1.3 or greater	EFFECTIVE	1.31	1.31	1.30	0.00	0.00
ES_0022 - Cost to operate and maintain the treatment plants reflected in costs per million gallons per day (mgd)	EFFICIENCY	\$565	\$565	\$582	\$0	\$0
ES_0023 - Percent of pipe identified as highest priority for repair or replacement incorporated into funded CIP or Op. proj.	EFFECTIVE	99%	99%	99%	0%	0%
ES_0024 - Number of trees planted	WORKLOAD	41,400	41,400	41,223	0	0

Bureau of Environmental Services

Performance Measures

Performance Measure	Type	FY 2012-13 Adopted Budget	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals
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Performance Measure Variance Descriptions

ES_0002

A good year through sound risk and safety management practices.

ES_0006

Number of students provided with bureau education programs rose 18% from 12,500 (goal) to 14,793 (actual).

The increase is due to (1) Clean Rivers Educators provided more classroom and field science experiences to Portland students and (2) used enhanced program delivery and logistical tools to reach more students.

ES_0008

Number of individual participants in projects catalyzed or hosted by the Stewardship Program. A 12% increase over budgeted goal of 9,500.

The number of participants varies each year depending on the nature and size of the projects that receive grant funding within that year.

ES_0010

Number of lab analyses performed each year increased to 53,300 or +16%

More work across the board: we now have six outside municipalities sending us work; the work from CSA is unpredictable but was up over the past fiscal year; PAWMAP; etc. The only work that has decreased has been UIC due to cuts in the scope of work allowed by DEQ.

ES_0012

Average resources spent in site investigations and cleanup, per site investigated or remediated

The Coordinated Site Assessment staff completed more work in-house at a lower cost to rate payers compared to using outside consultants. In addition, the bureau's PTE Contracts Manager worked with on-call consultants to keep the costs as low as possible.

ES_0014

Percent of biochemical oxygen demand (BOD) removed was 14% higher than the goal.

The target for the percent of biochemical oxygen demand (BOD) removed is determined by the NPDES permit. The NPDES permit regulates that a minimum of 85% BOD be removed during the treatment process. That being said, it is the bureau's goal to utilize resources as effectively as possible to remove as much BOD as possible causing less strain on the receiving streams Columbia & Willamette Rivers), without increasing the cost to the rate payers.